

From: Blue Group plc
Equity House
Irlhlingborough Road
Wellingborough
Northamptonshire NN8 1LT

To: Teal plc
Teal House Shire Park
Kestrel Way
Welwyn Garden City
AL7 1GA

20 June 2016

Dear Sirs

Project Blue - Confidentiality Letter

In connection with the parties' mutual consideration of the possible transaction between Teal plc (*Teal*) and Blue Group plc (*Blue*) (the *Transaction*), the parties are prepared to make certain confidential information available to each other on the terms of this letter.

In consideration of the mutual disclosure of certain Confidential Information, each of the parties agrees and undertakes to the other in the terms of this letter. The undertakings in this letter are given to the other party in its own favour and in favour of such other party's Connected Persons.

Definitions

1. In this letter:

acting in concert shall be construed in accordance with the Code but with the addition of the words “, to acquire or control any interest in relevant securities or any voting rights of a company” before the words “or to frustrate”, and *act in concert* shall be construed accordingly;

Authorised Recipients means each of the parties' Connected Persons who reasonably needs access to Confidential Information for the purposes of evaluating, negotiating, advising upon or implementing the Transaction;

Blue Directors means the directors of Blue from time to time;

Code means the City Code on Takeovers and Mergers;

Confidential Information means:

- (a) all information (in whatever form) supplied by or on behalf of either party or any of its Connected Persons to the other party or any of its Connected Persons, whether before, on or after the date of this letter, in connection with the Transaction or information otherwise related to the other party or any member of its group

undertakings, together with any analyses, reports or documents which contain or reflect, or are derived or generated from, any such information; and

- (b) the fact of the consideration of the Transaction, the existence, status or progress of any negotiations or discussions relating to the Transaction, any terms proposed in relation to the Transaction and the existence and contents of this letter;

Connected Persons means:

- (a) in relation to a party, each of its group undertakings;
- (b) in relation to a party, its and each of its group undertakings' directors, officers, employees, advisers, agents and representatives (and any directors, officers, employees and partners of any such advisers, agents and representatives);
- (c) in relation to Teal, any person proposing to provide debt finance to Teal for the purpose of financing the Transaction; and
- (d) in relation to Teal, any director, officer, employee, adviser, agent or representative of any person referred to in (c) above (and any directors, officers, employees or partners of any such adviser, agent or representative);

group undertakings shall be construed in accordance with section 1161 of the Companies Act 2006;

interest in shares or securities shall be construed in accordance with the Code and *interested* shall be construed accordingly;

Panel means the Panel on Takeovers and Mergers; and

parties means Blue and Teal and *party* shall be construed as any one of these.

Duty of Confidentiality

2. Unless expressly consented to in writing by the other, each of the parties will, and will procure that each of its Connected Persons will:

- (a) hold the Confidential Information in strict confidence;
- (b) use the Confidential Information only for the purpose of evaluating, negotiating, advising upon or implementing the Transaction; and
- (c) not disclose, copy, reproduce or distribute (or allow any other person to do the same) any of the Confidential Information, except as permitted by the terms of this letter.

3. The undertakings in clause 2 above will not apply to information which:

- (a) at the time of supply is in the public domain;
- (b) subsequently comes into the public domain otherwise than as a result of a breach of this letter;

- (c) the receiving party can establish to the other party's reasonable satisfaction is already in its lawful possession or that of any of its Connected Persons and free from any obligation of secrecy or confidence; or
- (d) the receiving party can establish to the other party's reasonable satisfaction subsequently comes lawfully into the receiving party's possession or that of any of its Connected Persons from a source other than the other party or any of its Connected Persons and which source does not owe the other party or any of its Connected Persons any obligation of confidentiality in relation to it.

Permitted Disclosure

4. Each party may disclose Confidential Information to its Authorised Recipients, provided that:

- (a) that party procures that any such Authorised Recipient complies with the terms of this letter as if it were a party to it; and
- (b) that party maintains a list (or ensures that lists are maintained) of the names of all Authorised Recipients who have received or have access to any Confidential Information (and that party promptly upon written request in writing from the other party supplies a copy of such list (or lists) to the other party).

5. Each of the parties, or any of its Authorised Recipients that has received Confidential Information in accordance with this Agreement, may further disclose Confidential Information to the extent such person is required to do so by applicable law or regulation, any order of a court of competent jurisdiction or any competent governmental, judicial or regulatory authority or body (including the Panel and any relevant stock exchange on which such person's securities are admitted to trading), provided that before disclosing any such information the relevant party or the relevant Authorised Recipient will (to the extent permitted by law or applicable regulation) use reasonable endeavours to:

- (a) inform the other party of the basis on which disclosure is required;
- (b) take such steps as the other party may reasonably require to resist or minimise such disclosure (except where such steps would result in significant adverse consequences for the party or the Authorised Recipient concerned); and
- (c) consult in good faith with the other party with a view to agreeing with the other party the form, content and timing of the disclosure.

6. If a party or any of its Authorised Recipients is not able to inform the other party before any Confidential Information is disclosed under clause 5, that party will (to the extent permitted by law or applicable regulation) inform the other party as soon as practicable after the disclosure is made of the circumstances of the disclosure and the information that has been disclosed.

7. Nothing in this letter will restrict or prevent Blue from making any public announcement as referred to in Rule 2.3(d) of the Code.

Obligation to procure compliance

8. Each party will procure that any of its Connected Persons that receives Confidential Information complies with the terms of this letter as if it were a party to it. The undertakings

in this letter are given by each party on its own behalf and as agent for each of its Connected Persons.

Return or destruction of Confidential Information

9. If either party so requests the other party in writing at any time, the other party and its Connected Persons will immediately return to that party or (at the relevant person's election) destroy all Confidential Information (including any analyses, reports or documents to the extent such analyses, reports or documents contain or reflect, or are derived or generated from, any such information), provided that:

- (a) the other party may retain any Confidential Information contained in any board or investment committee papers or minutes;
- (b) the other party and its Connected Persons shall only be required to take all reasonable steps to expunge or erase Confidential Information from any computer or other electronic device; and
- (c) the other party and its Connected Persons will each be permitted to retain any Confidential Information which is required to be retained by law or to satisfy the rules or regulations of any regulatory body or stock exchange or which it is customary or required to retain in accordance with the rules or recommendations of any relevant professional body,

(provided, in each case, that the provisions of this letter shall continue to apply to any Confidential Information retained in accordance with this clause 9).

10. Each party will, if the other party so requests in writing, confirm in writing to the other party (signed by a director) that clause 9 has been complied with.

No representation or warranty

11. Each party will be responsible for making its own decisions in relation to the Confidential Information. Each party understands that the Confidential Information does not purport to be all inclusive and that no representation or warranty is made by or on behalf of the other party or any of its Connected Persons (or shall be implied) as to the accuracy, reliability, completeness or reasonableness of the Confidential Information.

12. Accordingly, each party agrees with the other party on its own behalf and on behalf of each of its Connected Persons that neither party nor any of its Connected Persons will:

- (a) have any liability to the other party or any other person resulting from the use of or provision of Confidential Information by the other party or any of its Connected Persons or any other person; or
- (b) be under any obligation to provide further information, to update the Confidential Information or to correct any inaccuracies, or to enter into or continue discussions or negotiations in respect of the Transaction.

The terms of this clause 12 may not be varied or terminated without the prior written consent of each party's Connected Persons. This clause 12 does not exclude or limit any liability for, or remedy in respect of, fraudulent misrepresentation.

13. Each party acknowledges and agrees that neither party nor any of its Connected Persons owes any duty of care to the other party, the other party's Connected Persons or any other person, and that no person other than Teal or Blue has any authority to make or give any statement, warranty, representation or undertaking on behalf of Teal or Blue or any of their respective Connected Persons (as the case may be) in connection with the Transaction.

Authorised contact

14. Neither party nor any of its Connected Persons shall contact or communicate with any of the other party's or its group undertakings' directors, officers, employees, shareholders, partners, customers, contractors, or suppliers in connection with or with reference to the Transaction, without the prior written consent of the other party.

Restrictions on share dealings

15. Each party to this letter acknowledges that it is aware that:

- (a) applicable securities laws place certain restrictions on any person who has received from an issuer of securities material, non-public information concerning the issuer and/or its affiliates with respect to purchasing or selling securities of such issuer or communicating such information to any other person;
- (b) the Confidential Information may be price-sensitive information; and
- (c) the use of such information may be regulated or prohibited by applicable legislation relating to insider dealing or market abuse (or any similar concept in any relevant jurisdiction). Each party undertakes not to use, and to inform their Connected Persons that they shall not use, any of the Confidential Information for unlawful purposes.

General

16. Without affecting any other rights or remedies that each of the parties may have, each of the parties acknowledges that a person with rights under this letter may be substantially or irreparably harmed by any breach of its terms which may not be capable of remedy by the payment of damages. Accordingly, each of the parties also acknowledges that, in addition to all other remedies a person may be entitled to as a matter of law, a person bringing a claim under this letter may be entitled to the remedies of injunction, specific performance and other equitable relief, or any combination of these remedies, for any threatened or actual breach of its terms, and no proof of special damages will be necessary to enforce this letter.

17. No failure or delay by the parties in exercising any right or remedy under this letter shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time. No single or partial exercise of any such right or remedy shall prevent any further exercise of it or the exercise of any other remedy. The rights and remedies of the parties under this letter are cumulative and not exclusive of any rights or remedies provided by law.

18. Each of the parties acknowledges and agrees that the undertakings set out in this letter will terminate (save as expressly set out elsewhere in this letter) on the earlier of: (i) the date that is 24 months after the date of this letter; and (ii) the date of completion of the Transaction. Termination shall be without prejudice to any rights and liabilities which have accrued before termination or under any of clauses 16 to 23 (inclusive).

19. If any provision of this letter is held to be invalid or unenforceable, that provision shall (so far as it is invalid or unenforceable) be given no effect and shall be deemed not to be included in this letter, but without invalidating any of the remaining provisions.

20. Each of the parties' respective Connected Persons shall have the right under the Contracts (Rights of Third Parties) Act 1999 to enforce the terms of this letter (as amended from time to time), subject to and in accordance with:

- (a) the terms of paragraph 22 (Governing Law and Jurisdiction); and
- (b) save as provided in paragraph 12, the term that the parties to this letter may by agreement terminate or rescind or vary it in any way without the consent of any Connected Persons.

21. Save as provided in paragraph 20, a person who is not a party to this letter shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

22. This letter and any non-contractual obligations arising out of or in connection with this letter, the relationship between the parties and the conduct of any negotiations for the Transaction shall be governed by, and construed in accordance with, English law, and each party irrevocably submits to the exclusive jurisdiction of the English courts.

23. This letter may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of an executed counterpart signature page of this letter by e-mail attachment (PDF) or telecopy shall be as effective as delivery of a manually executed counterpart of this letter.

Please confirm your agreement by signing and returning to us a copy of this letter.

Yours faithfully

/s/ Mark Chilton
By MARK CHILTON
for and on behalf of

Blue Group plc

AGREED AND ACCEPTED

By.. /s/ Adrian Morris
for and on behalf of
Teal plc

Dated 21/6 2016